

## **Executive Summary – Madison County**

The Asheville Regional Housing Consortium area, consisting of Buncombe, Henderson, Madison and Transylvania Counties, and certain local governments within these counties, has varied and significant housing problems. Most relate to housing affordability.

Similar to the Consortium as a whole, Madison County has experienced growth in both population and households during the past decades. The County's housing stock consists of mainly single-family dwelling units and mobile homes. Nearly 700 single-family and mobile homes units have been permitted since 2000. Current 2004 for-sale data suggest that many of these units have sold for under \$100,000, while the County's 2004 median residential sales price is \$149,000. There has not been any market-rate multifamily development in the county since 2000. The rental housing stock consists of mainly single-family or mobile homes; Madison County is particularly constrained by topography that limits the number of houses that can be built and increases construction costs. While residential home prices are still high, especially for low-income residents, they are comparatively lower than in any other county in the Consortium.

The region enjoys a strong and growing economy with unemployment rates consistently below those of the state and the U.S. However, the nature of the economy is shifting with continuing losses in manufacturing jobs replaced by lower-paid jobs in service and other industries. The region's dependence on tourism and service jobs limits the incomes of many of its households, particularly those with a single earner.

The Consortium area is a recognized tourism center and retirement location of growing popularity. Five percent of the housing stock (8,334 units) is held as second homes for occasional use by residents of other regions. Nine percent (750) of these seasonal units are located in Madison County. The price competition from retirees and second-home buyers, coupled with the high land and construction costs related to the Consortium area's mountainous terrain, has led to high housing prices and rents. Reflecting current rent levels, the U.S. Department of Housing and Urban Development (HUD) has established Fair Market Rents (FMRs) as follows:

**2004 Fair Market Rents**

<b>Unit Type</b>	<b>Asheville Metro Area*</b>
Efficiency	\$460
One Bedroom	\$537
Two Bedrooms	\$600
Three Bedrooms	\$816
Four Bedrooms	\$1,054

\*Buncombe and Madison Counties

Affording the Asheville Metro area FMR for a two-bedroom unit requires a wage of \$11.54 per hour for a single earner working 40 hours per week. Many important jobs pay much less than \$11.54 per hour, including:

Occupation	Average Wage
Cashiers	\$7.32
Home Health Aides	\$9.18
Nursing Aides	\$9.13
Cooks, Restaurants	\$9.49
Retail Salespersons	\$8.66
Custodians	\$9.50
Carpenters	\$11.41

A worker earning minimum wage would need to work 90 hours per week to afford that same two-bedroom unit. While many single persons and single parents work two or more jobs to be able to afford housing, most low-income households end up paying more than they can afford for housing.

HUD defines three categories of low-income households, adjusted for household size:

- Extremely-low-income households with incomes equal to 30 percent or less of the Area Median Family Income (AMI) (up to \$14,900 for a family of four depending on county);
- Very-low-income households with incomes of 31 to 50 percent of AMI (between 14,901 to \$24,850 for a family of four); and
- Low-income households with incomes of 51 to 80 percent of AMI (between \$24,851 to \$39,750 for a family of four).

Based on local incomes and current mortgage interest rates, a three-person very-low-income household could afford to spend no more than \$559 per month for rent and utilities or for mortgage principal, interest, taxes and insurance. This reflects HUD's affordability standard of spending no more than 30 percent of household income for gross housing costs. The FMR for a two-bedroom unit in Madison County is 7 percent higher than the maximum affordable gross rent; the three-bedroom unit's FMR is 46 percent higher. The median sale price for a three-bedroom house is more than double the very-low-income household's maximum affordable price.

**Gap Between Market and Affordable Gross Rents**

	Extremely-Low-Income Households	Very-Low-Income Households	Low-Income Households
Maximum Income	\$13,400	\$22,400	\$35,800
Maximum Gross Rent	\$335	\$559	\$895
Fair Market Rent			
Two Bedrooms	\$600	\$600	\$600
Three Bedrooms	\$816	\$816	\$816
FMR as Percent of Maximum Affordable Rent			
Two Bedrooms	179%	107%	67%
Three Bedrooms	244%	146%	91%

### Gap Between Market and Affordable Sales Prices

	Extremely-Low-Income Households	Very-Low-Income Households	Low-Income Households
Maximum Income	\$13,400	\$22,400	\$35,800
Maximum Housing Price*	\$48,927	\$81,606	\$130,715
Median Sale Price			
Three Bedrooms	\$190,750	\$190,750	\$190,750
Median Sale Price as Percent of Maximum Affordable Price	390%	234%	146%

\*Assumes a 10-percent downpayment, a 6.5-percent mortgage interest rate and a 0.25-percent private mortgage insurance premium.

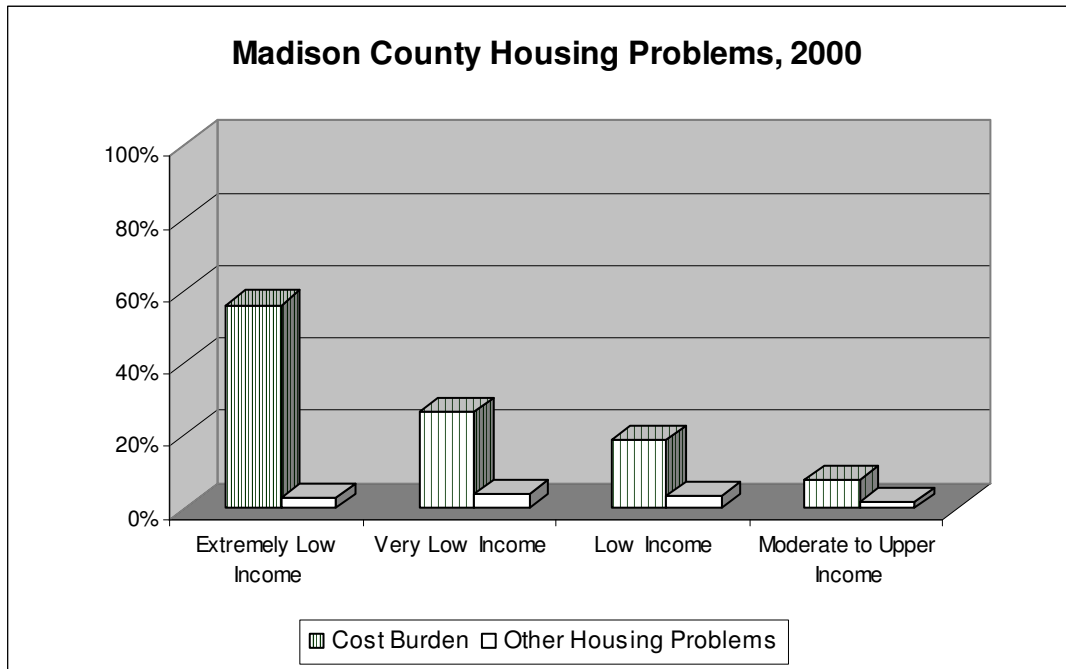
Madison County presents a different picture than other jurisdictions in the Consortium with the lowest current and projected median household income. The high percentage of residents making under \$15,000, especially among the elderly, creates major affordability problems. The significant gap between market rent/price levels and affordable levels is evidenced by housing problem data from the 2000 U.S. Census. Shown in HUD Table 1 on the following page, 59 percent of Madison County's extremely-low-income households reported housing problems, including 56 percent with cost burdens of 30 percent or more. This includes 485 households with severe cost burdens, paying one-half or more of their income for housing. Other housing problems include overcrowding and units with physical defects, primarily lacking complete plumbing facilities. Though at a lesser rate than extremely-low-income households, 327 or 30 percent of very-low-income households had housing problems, including 10 percent with severe cost burdens. Twenty-two percent of low-income households had housing problems, including 5 percent spending 50 percent or more of their income for housing. In general, renters have more housing problems than homeowners, but this is not always true in the extremely-low-income group.

**Table 1 (HUD Table 1): Housing Assistance Needs of Madison County, 2000**

Households by Type, Income, and Housing Problem	Renters					Owners			Total Housholds
	Elderly Households	Small Related (2 to 4)	Large Related (5 or more)	All Other Households	Total Renters	Elderly	All Other Owners	Total Owners	
<b>Extremely Low &amp; Very Low Income</b>	<b>299</b>	<b>282</b>	<b>38</b>	<b>277</b>	<b>896</b>	<b>862</b>	<b>644</b>	<b>1,506</b>	<b>2,402</b>
<b>Extremely Low Income (0% to 30% AMI)</b>	<b>196</b>	<b>134</b>	<b>16</b>	<b>163</b>	<b>509</b>	<b>477</b>	<b>342</b>	<b>819</b>	<b>1,328</b>
Percent with any Housing Problems	50%	81%	75%	66%	64%	53%	59%	56%	59%
Percent with Cost Burden > 30%	42%	81%	50%	66%	60%	51%	57%	54%	56%
Percent with Cost Burden > 50%	25%	70%	50%	52%	46%	26%	37%	31%	37%
<b>Very Low Income (31% to 50% AMI)</b>	<b>103</b>	<b>148</b>	<b>22</b>	<b>114</b>	<b>387</b>	<b>385</b>	<b>302</b>	<b>687</b>	<b>1,074</b>
Percent with any Housing Problems	33%	46%	55%	34%	40%	15%	39%	25%	30%
Percent with Cost Burden > 30%	29%	36%	36%	31%	33%	13%	36%	23%	26%
Percent with Cost Burden > 50%	0%	3%	0%	13%	5%	8%	21%	14%	10%
<b>Low Income (51% to 80% AMI)</b>	<b>37</b>	<b>260</b>	<b>33</b>	<b>110</b>	<b>440</b>	<b>320</b>	<b>717</b>	<b>1,037</b>	<b>1,477</b>
Percent with any Housing Problems	22%	14%	55%	15%	18%	15%	28%	24%	22%
Percent with Cost Burden > 30%	11%	10%	12%	11%	10%	13%	26%	22%	19%
Percent with Cost Burden > 50%	0%	0%	0%	4%	9%	8%	6%	7%	5%
<b>Moderate to Upper Income (80% and greater AMI)</b>	<b>48</b>	<b>322</b>	<b>29</b>	<b>154</b>	<b>553</b>	<b>628</b>	<b>2,921</b>	<b>3,549</b>	<b>4,102</b>
Percent with any Housing Problems	0%	3%	48%	9%	7%	12%	9%	10%	9%
Percent with Cost Burden > 30%	0%	1%	14%	7%	3%	9%	9%	9%	8%
Percent with Cost Burden > 50%	0%	0%	0%	0%	0%	3%	2%	3%	2%
<b>Total Households<sup>1</sup></b>	<b>384</b>	<b>864</b>	<b>100</b>	<b>541</b>	<b>1,889</b>	<b>1,810</b>	<b>4,282</b>	<b>6,092</b>	<b>7,981</b>
Percent with any Housing Problems	36%	26%	56%	33%	31%	24%	19%	20%	23%

Note: <sup>1</sup>Includes all income groups - including those above 80% of AMI.

Source: Comprehensive Housing Affordability Strategy Datebook; Bay Area Economics, 2004



Source: Comprehensive Housing Affordability Strategy Datebook; Bay Area Economics, 2004

Madison County also has the smallest percentage of unmet housing needs of the Consortium at 5 percent. Defining the need for assisted housing based on housing problems and cost burdens identifies a need for the following number of units at rents/prices affordable at the three income levels.

Unmet Need for Affordable Units				
	Extremely-Low-Income Households	Very-Low-Income Households	Low-Income Households	Total
Rental Units				
For Households with Housing Problems	330	150	80	560
For Households with Severe Cost Burdens	230	20	40	290
Owners				
For Households with Housing Problems	460	170	250	880
For Households with Severe Cost Burdens	250	90	70	410

## Special Needs Populations

Beyond the general need for affordable housing, some populations have special needs for specialized housing and/or supportive services, focused on four groups:

- Elderly
- Frail elderly
- Persons with physical disabilities
- Persons with mental disabilities

Madison County's supply of assisted housing addresses these needs but falls short, leaving significant unmet needs.

(HUD Table 2A): Priority Needs Summary Table					
Priority Housing Needs (households)		Percentage of Area Median Income (AMI)	Priority Needs Level (High, Medium, Low)	Unmet Needs	Goals*
Renter Households	Small Related	0% to 30% of AMI		109	
		31% to 50% of AMI		68	
		51% to 80% of AMI		36	
	Large Related	0% to 30% of AMI		12	
		31% to 50% of AMI		12	
		51% to 80% of AMI		18	
	Elderly	0% to 30% of AMI		98	
		31% to 50% of AMI		34	
		51% to 80% of AMI		8	
	All Other	0% to 30% of AMI		108	
		31% to 50% of AMI		39	
		51% to 80% of AMI		16	
Non-Elderly Owner Households		0% to 30% of AMI		202	
		31% to 50% of AMI		118	
		51% to 80% of AMI		201	
Special Populations**		0% to 80% of AMI		587	
Total Goals					
**Includes elderly households					

Source: U.S. Census 2000; Comprehensive Housing Affordability Strategy Databook, 2000; Claritas, Inc., 2000

## **Barriers to Affordable Housing**

Among the barriers to affordable housing specific to Madison County are:

- High land and construction costs related to topography and the limited supply of developable land;
- Lack of public water and sewer service to developable sites;
- The high per-unit cost of making rental housing affordable for extremely-low and very-low-income groups, coupled with declining federal funding;
- Little multi-family housing construction, and;
- Predatory lending

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